Common Assumptions Status Briefing

BDPAC Water Supply Subcommittee

April 19, 2006

Presentation Overview

- Plan Formulation Report Common Model Package
- Surface Storage Progress Report Update
- Ad-hoc Technical Workgroup Feedback
- Environmental Water Account Water Price Estimation

PFR Common Model Package

- Plan Formulation Report Common Model Package is to be completed in early May ‘06
  - CALSIM II
  - DSM2
  - LCPSIM
  - CVPM

Progress Report Update

- Updated project schedules
- Added potential benefits information for Upper San Joaquin River Storage Investigation
- DWR's recommendation on In-Delta Storage
- Added a discussion on Delta conveyance
- Added CCWD's 2004 ballot measure restrictions on LVE

Ad-hoc Technical Workgroup Feedback

- Ad-hoc workgroup is a useful venue for information on CA
- Factors affecting participation:
  - Funding
  - Some felt that meetings are about reporting CA activities and do not provide opportunities for dialog
  - Some felt that their recommendations are not considered if they don't meet the "reasonably foreseeable" criterion
  - Some inquired how surface storage fits into the overall CALFED water management strategy

Ad-hoc Technical Workgroup Recommendations

- Form an executive committee
- Provide more frequent updates
- Distribute materials 1 week prior to meetings
- Utilize teleconferences

Draft
Report on Environmental Water Account Water Price Estimation

Roger Mann

Steve Hatchett

Purpose of Report

- Develop consistent approach for estimating value of EWA water provided by surface storage projects
- Provide interim assessment to respond to near-term needs of evaluation teams
- Develop preferred assessment methodology consistent with all common assumptions; implement when model package is ready
- Provide findings to the common assumptions economics workgroup for review

Scope of Work

Develop and recommend Environmental Water Account (EWA) water prices and avoided costs for use in common assumptions.

- Review studies and data that provide water price and avoided cost information related to the EWA
- Recommend economic methods and appropriate level of detail for estimating EWA price and avoided cost
- Estimate prices and avoided costs, based on data and recommended methods.
- Provide sensitivity analysis on reasonable range of future conditions.

Draft Report Recommends an Interim and a Preferred Methodology

- Interim methodology is based on observed and planned EWA prices and water transfer prices
- Interim range of prices is the min and max from:
  - Price predicted from regression analysis of water transfers
  - Recent EWA prices, avoiding most expensive sources
  - Prices based on specific purchase locations, prices, and quantities
- Preferred methodology will use model package to estimate value of water purchased or developed for EWA
  - Can cover range of hydrologic conditions not recently observed
  - Allows quantitative sensitivity analysis
  - Is consistent with all common assumptions

Sensitivity and Other Analyses Recommended

- Effects of local restrictions on transfers
- Effects of greater or lesser restriction on land idling
- Effects of a very dry sequence of years
- Costs and availability of other sources of water for EWA

Additional Work to Refine Analysis

- Phase 1
  - Estimate value of water from existing, standalone version of economics models in PF Model Package
  - Provide further discussion of sensitivity of results to future conditions, costs of other water sources
  - Discuss implications for federal Benefit-Cost (“NED”) analysis
- Phase 2
  - Implement preferred methodology - use model package to evaluate EWA water costs
  - Conduct quantitative sensitivity analysis